

April 4, 1951.
Sifting Committee.

House File 627
By COMMITTEE ON INSURANCE.

Passed House, Date

Vote: Ayes..... Nays.....

Passed Senate, Date

Vote: Ayes..... Nays.....

Approved.....

A BILL FOR

An Act to amend section five hundred fifteen point one hundred twelve (515.112), Code 1950, relating to excess and coinsurance riders and exceptions thereto.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. Section five hundred fifteen point one
- 2 hundred twelve (515.112), Code 1950, is amended by adding
- 3 after the word "for" in line two (2) thereof the following:
- 4 "insurance in excess of a stipulated amount of loss; or
- 5 for".

EXPLANATION OF H. F. 627

While this bill is particularly applicable to fire insurance, it would also include the types of insurance mentioned in Section 515.111. It applies to commercial buildings only, and in the present statute home dwellings and farm property are expressly excluded. The purpose of this bill is to permit an owner of a commercial building to assume a certain amount of his loss, if one occurs, and obtain insurance on the balance. It is exactly the same as the well known "\$50 deductible automobile policy." At the present time, on written application, the owner of a building may obtain coinsurance, which is just the opposite of the purpose of this bill. Under coinsurance the insurance company pays the loss up to 80 per cent and the owner absorbs his own loss above 80 per cent. Under this bill, the owner would, if he elected, be able to buy a policy whereby he assumed his own loss up to 20 per cent and obtained insurance for the balance. It is permissible to write this type of insurance in all the states of the union except Iowa and one other. This would, of course, enable owners of commercial buildings to obtain lower rates in those cases where they elected and preferred to assume a part of their own risk. This is a common practice throughout the United States.